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Release No. 0986.93

Remarks-

BY
THE HONORABLE MICHAEL ESPY, SECRETARY
DEPARTMENT OF AGRICULTURE
SECRETARY'S KEYNOTE AND 1994 OUTLOOK ISSUES

Tuesday, November 30, 1993
Washington, D.C.

To all of those who work here at the USDA, to all of you who are here from around the country and literally from around the world, to all of you listening by satellite, I am delighted along with Rich and others to welcome you to our seven-year annual Outlook Conference where we take time to pause to reflect on Agricultur-e's past, but more importantly where we cast a reflective, visionary scan towards Agriculture's future.

There are a number of things I would like to cover today, a number of things that will be covered by the others who will be appear-ing in the program throughout the day.

There are many things going on here at the USDA, our new Team USDA. Number one, we have a reorganization plan we have been working on literally since the first day we arrived here in February, a reorganization plan where we hope to change the culture of the USDA's bureaucracy, but where we hope to change the focus from one of acronym to one based on mission, where we would like to go from 43 divisions to 30 divisions, where we would like to achieve savings of about 2.6 or $2.7 billion over the next five years, where we would like to achieve a reduction of personnel by 7400 and one that, hopefully, will be debated by the Senate Agriculture Committee when they return on January 25th, to be marked up and passed on to the Senate floor. We are ready for that and we are eager for that process to continue.

Another project that we have been working on literally since day one is to attack this E-coli critter and other deadly pathogens that have really caused death and destruction to many U.S. families, because their children have the audacity to show up at local fast food restau-rants and have the audacity to eat a hamburger. We are very intent to change our entire food inspection system and change its culture, if you will, to reform from a system based on organoleptic methodology to one based more on science and microbiology.

We are also very insistent as well on incorporating healthi-er foods into our school lunches and school breakfasts which feed about 25 million school children everyday.

We are also very active in this area of crop insurance reform, where we can focus on a proposal that allows for greater participation, one that is certainly actuarially sound, but one to the farmer that is practical and includes preventive planning features and catastrophic features and that, to them, constitutes a very affordable, a very practical, a very good new policy.

We are very busy cleaning up after the flood, the great flood of 1993, where we are working with the Soil Conservation Service, the Army Corps of Engineers and FEMA and others to move towns out of the flood plain, where the majority of the citizens wish to move and where we are very intent on cleaning of levees and cleaning up some of those five and six feet of silt and sand that has been deposited by the great Mississippi River.

Even though we are moving towns and even though we are building levees and dikes, if you will, and trying as best we can, we also realize that, on very sober reflection, we ought to place greater utility on some of the very innovative proposals and programs that we have within our current arsenal, programs like the conservation reserve program and the wetlands reserve program.

I just recently returned from a three-day trip into Iowa and Missouri where I endorsed a proposal to buy out, if you will, several farmers who owned jointly about 3,000 acres of what used to be prime crop land within the flood plain. We wish to, in addition with a purchase, money purchase by the Soil Conservation Service to ally ourselves with conservation groups from around the country, to up the ante, if you will, to offer a pretty good fair market value price to farmers to allow this land to be purchased and placed in permanent reserve. This is land, ladies and gentlemen, that has flooded 16 times in the last 20 years.

We realize that this land, if the deal goes through, is a win-win for everyone involved. The Federal Government doesn't have to have continuous outlays to rebuild levees. The local levee districts no longer have to bother with their cost share of that being passed on to their constituents. The migratory birds, of course, have something to say about it. The farmers don't have to suffer continuously from a very nervous condition called looking up to see whether it is going to rain incessantly.

That is a proposal that I hope will be accepted and one, if it is accepted, that will serve as the model for what we hope to do when necessary and if possible all along the Mississippi River Basin.

The other proposals, of course, that you have read about called EBT, Electronic Benefits Transfer, well, we hope to change again the whole process of delivering food stamps and moving into the new century, moving from a system based on vouchers and coupons to one based on ATM cards, where the welfare recipient can just punch in the PIN number at the local Safeway or Giant and draw down on the account that is already set up for him or here.

So, there are a number of things going on here at the USDA. I've been quite busy in my last 11 months here, literally from traveling the second day after I was sworn in to the Pacific Northwest to attend to the E-coli tragedy, to corn problems in Michigan, to potato problems in Maine, to cotton problems in Arizona, med fly problems in California.

In fact, someone stopped me the other day to say, well, how long have you been Secretary. I said, well ten and a half months or so. They said, now, correct me if I'm wrong, but we have had some kind of a crisis each and every month since you have been Secretary. I said, well that might be true. They said, well how long is your term? I said, well, another three years. They said, we don't know if we can stand you another three years.

There are a lot of things happening here. The fact is that, among all the programs that I have mentioned and will be mentioned later on in the day, among the myriad of departments and divisions we have here in our 43 divisions with our $71 billion budget, with our 110,000 employees it could be argued that one of the most important things we do and certainly the first thing among equals could be this matter of farm programs and making sure that we can wring every bit of farm income and improving of cash receipts out of the programs that we are privileged to administer. It has been our long-held view and our view that, it is increasingly evident that the best way to attend to this farm income dilemma is to seize opportunities that present themselves within the export market.

That is why the recently completed trip to China and Hongkong and Japan and the other Pacific Rim countries to me was so important. That is the wave of the future. Billions of consumers are becoming more sophisticated and diets diversifying, all hopefully willing to take advantage of what we can grow here within the United States, both in regard to bulk product and value added. I would call that trip very successful, because we were able to engage our Japanese friends, to discuss with them this attitude that we find rather intran-sigent, to horse step this import barrier to rice and other products which we and other nations grow. Fortunately for me, we had an earth-quake the night before I was to meet my counterpart, Minister Hata [phonetic].

Now, I got my law school degree in California and out there they have earthquakes as a normal course of experience, but it was my first earthquake, I've got to tell you. It was my first trip to Japan and my first earthquake. Even though it was a number four on the Richter Scale, I can tell you that it was a number ten on my personal Richter Scale.

That afforded for me a prop, if you will, or a circumstance that I could use much better than anything that I could manufacture. I engaged my Japanese friend the next day and I told them that, as smart as we humans think we are and as ingenious as we envision ourselves to be, the fact is Mother Nature will always intervene. There will always be some unforeseen circumstances, so these finely calculated methods like self-sufficiency and food security can never be truly guaranteed. We will always have a flood. We will always have an earthquake. We will always have a drought at some time or another. So, therefore, the only way to assure full and true and valid food security is to open the markets and drops the barriers and allow the people that you love to take advantage of the world's storehouse.

Perhaps, because of that episode and perhaps because of others, certainly because of a typhoon they had that shorted their crops two million tons, we have seen some movement lately in dropping the important ban on rice. We have been moving some U.S. rice lately and, hopefully, we will have continuous movement there.

Then we went on to Japan and went on to Hongkong. There, the message was the same: Reduce the tariffs, eliminate the non-tariff barriers. Reduce or eliminate these objectionable [inaudible] sanitary problems that we have that frustrates free trade. So, for me, it was an incredible trip and hopefully we will continue to see some benefit from it.

I have been in 11 months to about 40 states, sometimes one more than others, as you can imagine, Texas perhaps six or seven times, the upper midwest 16 times since July 2nd. I have had a chance to visit some countries and I leave tonight to go to Brussels and to go to Geneva to help Mickey Cantor and others who will be leaving earlier today on another assignment, one that continues our approach to seize opportuni-ties that are evident in the export market.

So, I would very briefly like to talk about two events, one we have recently completed. Of course, that is the NAFTA and the one that we have yet to complete, but one which I think will be completed by December 15 and that, of course is the GATT.

The passage of the North American Free Trade Agreement by the U.S. House of Representatives is a positive economic step forward for the United States and for U.S. agriculture. NAFTA, of course, will expand exports to this growing Mexican market. As trade barriers are phased out between the United States and Mexico, U.S. exports will increase. After full implementation, annual U.S. agriculture exports are projected to increase by $2.6 billion above what would be otherwise the case, with increasing impacts to cash receipts and farm income.

With U.S. farmers increasingly dependent on export markets for income, which currently accounts for about 20 percent of farm product and one out of every three acres of crop land, the NAFTA is a very important movement toward improving farm income.

We now turn to another crossroads regarding trade and U.S. exports as we continue to push hard for the conclusion of a successful Uruguay Round Agreement by December 15th. The Uruguay Round, as you know, was initiated in 1986, well before the U.S., Canada and Mexico agreed to negotiate NAFTA. Because the contracting parties to the GATT realized the importance of reducing trade barriers and expanding global trade very significantly, our trading partners agreed that agriculture, for the first time, since the beginning of the GATT in 1948, would be dealt with in a comprehensive manner in the Uruguay Rounds.

The U.S. has been a driving force to see to it that agricul-tural trade barriers, market excess, trade distorting internal supports, export subsidies and sanitary and final sanitary regulations are treated comprehensively.

We have come a long way since 1986 and now it is time to conclude the Uruguay Rounds. U.S. farmers have a bigger stake in a successful Uruguay Round than ever before, because they have become more dependent on trade for income as federal budget support has declined.

I served in the Congress for seven years. I served on the Budget Committee for that entire time. I served on the Agriculture Committee and I have seen the handwriting on the wall. U.S. budget support to agriculture will continue to decline. We can scream. We can curse. We can lambaste and sometimes even cause some delay in the inevitable. The fact is, U.S. budget support for agriculture will continue to decline.

That is why we have to seek opportunities in the export markets and use our mechanisms that we have both as a sword and as a shield, whether it is EEP [phonetic] or whether it is NPP. We have to continue. Without continued income growth, farm income will stagnate and our decline is, of course, obvious. We know this from history.

During the 1950s, exports stagnated. Crops surpluses mushroomed and we had to implement PL 480 and other programs to boost our flagging export demands. During the 1970s, farm income grew rapidly, driven by exports mainly. The 1970s period was called the period of export euphoria. Farm exports increased from $7.3 billion in 1970 to $41 billion by 1980. The financial stress of the 1980s and the crash in equity values largely resulted from the inability to sustain the export growth of the 1970s. If the 1980s had seen half of the export growth of the 1970s, then farm income would have gone through the roof.

So, we continue to be reminded of the importance of exports to farm income as government support declines. In 1986, farm income was about $48 billion and government outlays were at a record $26 billion and farm exports were at about $26 billion. In contrast, farm income in 1992 was nearly $57 billion. Farm exports were over $42 billion and federal outlays were about $10 billion.

Given the budget reality as reflected in the 1985 and 1990 Farm Bills and budget legislation we have seen recently, open markets and unrestricted worldwide trading opportunities have become critical to the economic health of U.S. farmers and to U.S. agriculture.

The Bunkle [phonetic] final act is a historic, multilateral step toward the liberalization of world agriculture trade. More recently, the Blair House Agreement negotiated to meet EC concerns so that the Uruguay Round could be completed calls for some changes in the Bunkle final act, changes in the internal disciplines and internal supports and export subsidies. But there is a clear commitment to deal with an objective.

The Blair House Agreement did not address market access and meaningful market access is the remaining objective to be achieved in the Uruguay Round. In fact, a conclusion of the Uruguay Round for agriculture awaits only a market access agreement that truly, truly expands market access. For U.S. farmers, as I've said before, increased market access means the opportunity to sell more and to receive higher prices and, therefore, income.

So, the United States is committed to completing the Uruguay Round simply because U.S. farmers need growing export markets if they are to earn more of their income from markets and operate their busi-nesses more efficiently. We all benefit from an agricultural sector that can fully use its productive capacity. The trade barriers around the world distort trade and limit the ability of U.S. farmers to compete and do what they do best, produce the food and fiber for this nation and for the world.

We can't grow the domestic economy fast enough to take advantage of the steady increase in farm productivity. So, the Uruguay Round is critical to create markets for U.S. farmers. We know that it won't solve all economic problems in U.S. agriculture. That is why I have talked about other things.

We shouldn't be afraid to pursue elements like the NAFTA. We shouldn't be afraid to even move southward to some of the other Latin American countries. We shouldn't be afraid to support the active use of ethanol. We shouldn't be afraid to make sure that we can move towards non-food uses of crops that we grow. We're going to try to do it all. Neither should we be afraid to look inside the Farm Bill and with every bit of discretion that we have available given to us by the Congress, we ought to use it to have a meaningful and valid impact on improving farm income and we are going to do that more than we have before.

Again, the economic stakes of U.S. farmers are much greater in the Uruguay Round than even under NAFTA, because of just the sheer size difference between the Mexican market of 90 million consumers and the market of 5.1 billion people outside of North America. It demon-strates the importance of a multilateral trade agreement that reduces trade barriers on a global basis. There is a nearly $19 trillion economy outside of North American, nearly 65 times larger than the Mexican economy.

So, we are there and we are moving more forcefully to completing the Uruguay Round.

In addition to market access, the Uruguay Round also covers export subsidies and internal support. For many U.S. farmers, export subsidies, especially in the European Community, have retarded exports and income over the past decade. The EC's high domestic price protected by variable levies on imports spurs large increases in production and the resulting surpluses were dumped on world markets with export subsidies. As a result, the EC changed from an importer to an exporter for many commodities including grain, beef and dairy products.

For example, since the mid-1970s, the EC changed from a net importer of 25 million tons of grain to a net exporter of 27 million tons of grain. This net change in world grain trade of 52 million tons is a loss of export markets equivalent to 25 or 50 million acres of U.S. crop lands. So, the Uruguay Round Agreements would go well beyond disciplining existing import barriers, internal supports and exports subsidies.

Perhaps even more important for the future is the discipline that the Uruguay Round would apply to countries who might otherwise choose the direction of closed markets, production reducing internal supports and subsidized exports. Countries often become more protective of their domestic agricultures as their economies develop. It is easy to imagine how global agricultural trade would stagnate if many of the other countries whose economies are developing follow a protectionist path.

We already sell over 40 percent of farm exports to develop-ing countries, which have the most market potential as their populations and their economies grow. It's sort of like a pathway. It is a model. It is just a way to keep things on course.

So, NAFTA is all about expanding trade opportunities. The Uruguay Round has the same objective but, ladies and gentlemen, the stakes are much higher. A successful Uruguay Round would not only offer discipline in existing trade barriers and restrict future trade restric-tions, but it will also conform and confirm the global commitment to more open and thorough world agricultural trade. That has long been the U.S. objective, because we know that U.S. farmers can compete in international markets where government intervention is limited.

As I conclude, I just would remind all of you that, Mickey Cantor is on his way there. I will be there shortly. We should not be afraid to say no to a bad agreement. After all, no agreement is better than a bad agreement. So, we should not be reticent at all to say no to a deficient agreement, one that offers no improvement, offers no true export promoting opportunity, one that truly doesn't level the playing field as we seek and one that retards U.S. growth in farm income.

Failure of the Uruguay Round would threaten not only export expansion for U.S. farmers, but current trade as well at the same time they are becoming more dependent on markets and government support is declining. So, the next few are critical, if the Uruguay Round is to be completed by December 15th.

We will work tirelessly to achieve success and to reform this USDA that we love and as President Lincoln called the people's department. We will transform it into one that demonstrates our intent to become more farmer-friendly and more consumer aware, but certainly one that promotes farm income. The only way to do that is by forcing and prying open these very closed markets, by challenging our friends toe to toe. That is the only way to improve farm income over the long run and we are just adamant to make sure that it is done.

Thank you very much.

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Release No. 0998.93

Statement-

by
Agricultural Secretary Mike Espy about GATT

"This is the second day of talks on the subject of agriculture. I would say the talks are going very well. I am very, very optimistic that we can have a successful outcome with regards to the agricultural portion by Monday. That is why I am remaining in Brussels and Geneva over the weekend to finish the technical part on questions of market access.

Of course, you know that we in the United States believe that we cannot finish a successful Uruguay round without a substantive conclusion on the question of market access. There are barriers in the EC that must fall, there are tariffs which are too high and there are import bans which must be removed.

In recent days, there has been much discussion on the European side with regard to the French on the question of reduction of their stocks and we think that we have agreed to a principle where we have a formula to reduce the EC stocks while at the same time allowing the United States access to these markets.

I believe that we will get an agreement on agriculture by the 15th I can't speak on the other areas. I have had a chance to witness Mickey Kantor in action and he is very forceful. His counterpart Leon Brittan is also very deliberative. They are doing their best to come to some conclusion on Monday to all these outstanding matters.

If that can be done, then we have time to convince the world that it is in the best interest of the world to conclude the agreement by the 15th.

There will be no December 16th for the GATT round.

We have always said that growth in agriculture must come by seizing opportunities that exist in the export market. Out of every ten producing acres, three of those acres are dedicated to export markets. Our farmers are very efficient. We can out produce anyone in the world but we must have a level playing field.

We have seen in recent history where our friends in the European community have not competed fairly because they have subsidized their exports to a much greater degree than we do in the U.S. This agreement agrees to the principle that the world will join hands and reduce the level of export subsidies that have driven down the price of commodities and have driven a lot of American farmers bankrupt. It allows us to approach the world community with a trading philosophy which expands trade, reduces barriers and opens opportunities.

We think we've done well here, even though we are not quite finished yet. I can see the light at the end of the tunnel from here and that future looks very bright for U.S. agriculture.

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News Releases-

Release No. 0980.93
Lynn K. Goldsbrough (202) 720-3930

CHRISTOPHER GOLDTHWAIT NAMED GENERAL SALES MANAGER

WASHINGTON, Nov. 29 -- Secretary of Agriculture Mike Espy today named Christopher E. Goldthwait as General Sales Manager of the U.S. Department of Agriculture's Foreign Agricultural Service.

In his new position, Goldthwait will be responsible for the development and implementation of the Department of Agriculture's export credit programs, including Public Law 480 and the credit guarantee programs. He also will be involved in the execution of export enhancement, market development, and direct sales programs.

Goldthwait has been acting general sales manager since December 1991 and was assistant general sales manager and assistant administrator for export credits since September 1988.

"Chris Goldthwait brings 20 years of experience in the Department of Agriculture to his new position," said Espy. "Now, perhaps more than ever before, we need a strong proponent of export initiatives to lead us through the coming years. Chris has the experience and expertise to fill that crucial role."

Goldthwait has held a wide variety of positions--both at home and abroad--in the agency since he joined the Foreign Agricultural Service in 1973 as a management analyst. In his previous positions, he served as Deputy Assistant Administrator for International Agricultural Statistics (1988), Deputy Director for Analysis in the Grain and Feed Division (1986-88), U.S. agricultural counselor in Lagos, Nigeria (1982-86), assistant agricultural attache in Bonn, Germany (1978-1982), and several positions within the Cotton Division (1976-78).

Goldthwait, 44, grew up in Davis, California, and Plattsburg, New York. He is a graduate of the American University in Washington, D.C., and received his master's degree from the Kennedy School of Government at Harvard University in Cambridge, Massachusetts.

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Release No. 0981.93
Bruce Merkle (202) 720-8206

USDA PROPOSES 1994 NATIONAL PEANUT POUNDAGE QUOTA AND EXPORT SALES PRICE

WASHINGTON, Nov.30 -- The U.S. Department of Agriculture today proposed a national peanut poundage quota for the 1994 marketing year of 1,350,000 short tons (2.7 billion pounds), down 146,000 short tons (292 million pounds) from the 1993 level. It also proposed a minimum sales price of $400 per short ton for sales by USDA's Commodity Credit Corporation of additional peanuts for export edible use.

According to Grant Buntrock, CCC executive vice president, the quota is the minimum permitted under law. The final national poundage quota for 1994 marketing year peanuts is required to be announced by Dec. 15. The 1994 marketing year for peanuts begins Aug. 1, 1994.

The Agricultural Adjustment Act of 1938, as amended, requires the national poundage quota for the 1994 crop of peanuts to be equal to the estimated domestic edible, seed and related uses in the 1994 marketing year, but not less than 1,350,000 short tons. The total of the three factors equals 1,298,000 short tons. Therefore, a national peanut poundage quota of 1,350,000 short tons is proposed for the 1994 marketing year.

Notice of this proposal for quota and export sales prices appear in the Nov. 30 Federal Register. Comments must be received no later than Dec. 6, 1993, by the Deputy Administrator, Policy Analysis, USDA-ASCS, Room 3090, South Building, P.O. Box 2415, Washington, D.C. 20013. FAX # (202) 690-2186. FAX (202) 690-2186.

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Release No. 0985.93
Jacque Knight (202) 720-9113
Hedy Ohringer (202) 720-9113

FSIS PROPOSES TO EXPAND GENERIC APPROVAL OF LABELS

WASHINGTON, Nov. 30 -- The U.S. Department of Agriculture is proposing to update its label review and approval system for meat and poultry products. The proposed rule was published in the Nov. 23 Federal Register.

Currently, USDA reviews most meat and poultry product labels twice, first in a rough draft and then in a final form just as they would appear in the supermarket. USDA is proposing to streamline the label review to a single review for most labels.

"For consumers, the proposal will speed the introduction of nutrition labeling and the introduction of new products to meet rising demands for more nutritious meat and poultry products. For meat and poultry producers, the new procedures will reduce paperwork burdens, encourage product innovation, and cut costs," said Dr. H. Russell Cross, administrator of USDA's Food Safety and Inspection Service.

The proposal also would allow companies to use certain types of labels, without USDA prior approval of each label, on single ingredient cuts such as lamb chops or turkey breasts, and products with standards of identity or composition referenced in other USDA regulations (e.g., standards for "chicken a la King" require at least 20 percent cooked deboned poultry).

"The proposed changes would increase USDA's efficiency in approving accuracy of labels on meat and poultry," said Cross. "The program change is one of USDA's responses to the Administration's National Performance Review that calls for government to move from red tape to results."

The proposed approach was the one favored by most of the 110 comments submitted in response to an Advanced Notice of Proposed Rulemaking, published March 25, 1992, on the feasibility of approval.

The proposal provides for USDA to randomly check generically approved labels to assure compliance with labeling requirements for meat and poultry.

In addition, USDA is seeking comments on an alternative program where companies would no longer submit any labels for prior review and approval before use.

USDA encourages comments on this proposal until Jan. 24, 1994. Comments should be addressed to FSIS Policy Office, Attn: Diane Moore, Hearing Clerk, Room 3171, South Agriculture Building, FSIS, USDA, Washington, DC 20250.

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Release No. 0988.93
Steve Kinsella (202) 720-4623
Barbara Wallace (202) 720-9149

USDA OUTLINES EMERGENCY WETLANDS RESERVE PROGRAM

WASHINGTON, Dec. 1 -- Landowners in the flooded midwestern states may be eligible to return cropland to wetlands under a program announced today by U.S. Department of Agriculture's Assistant Secretary for Natural Resources and Environment James Lyons.

The Emergency Wetlands Reserve Program (EWRP) is a voluntary program offering agricultural landowners a chance to restore and protect wetlands on their property through permanent easements.

"Under the EWRP, the Soil Conservation Service (SCS) will purchase easements from landowners owning cropland who voluntarily agree to restore farmed, converted, or potential wetlands," Lyons said.

The opportunity to enroll land into the program will be offered to eight flooded midwestern states: Illinois, Iowa, Missouri, Nebraska, Minnesota, Kansas, Wisconsin, and South Dakota. The EWRP will be available to landowners when the cost of cropland reclamation and/or levee repair exceeds the fair market value of the affected cropland.

During the sign-up period, landowners will submit applications to the local SCS field office. Sign-up will be November 29- December 30, 1993.

Permanent easements will be purchased to promote restoration and maintenance of wetland characteristics, thereby providing and protecting the functions and values of the wetlands for wildlife habitat, water quality improvement, flood water retention, floodway enhancement, ground water recharge, and environmental education.

To assure maximum benefits, SCS state conservationists, in consultation with others, will use a ranking process to evaluate EWRP applications. Criteria that will be used in the ranking include protection and enhancement of habitat for migratory birds, floodway expansion, proximity to other protected wetlands, level of hydrologic conditions restored, and other factors determined appropriate for wetlands restoration within the state.

Agricultural producers in the Midwest impacted by floods and other adverse weather can call USDA's Flood Response Center at 1-800-880-4183 for information on available assistance.

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Release No. 0989.93
Robert Feist (202) 720-6789

USDA RELEASES SWEETENER MARKET DATA YEARBOOK FOR FISCAL YEAR 1993

WASHINGTON, Dec. 1--The U.S. Department of Agriculture's Commodity Credit Corporation today released its Sweetener Market Data Yearbook for fiscal year 1993.

The yearbook provides monthly, quarterly and fiscal year data on U.S. sugar production, distribution and stocks for the period Oct. 1, 1992 through Sept. 30, 1993, and comparisons with fiscal year 1992.

Copies of the yearbook are available from the Sweeteners Analysis Division, ASCS/USDA, Room 3727-S, P.O. Box 2415, Washington, D.C. 20013; telephone (202) 720-3391; FAX (202) 720-8261.

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Release No. 0990.93
Priscilla Glynn (202) 690-2146
Ben Blankenship (202) 219-0504

USDA SURVEY TO REVEAL BOTTOM LINE ON AGRICULTURE

WASHINGTON, Dec. 1 -- The U.S. Department of Agriculture is about to conduct its annual survey measuring the financial condition of American agriculture and the costs of producing agricultural commodities.

From mid-February through March 1994, interviewers trained by USDA's National Agricultural Statistics Service will contact about 12,000 farmers and ranchers nationwide to ask them to take part in the farm costs and returns survey.

NASS conducts the survey every year to obtain detailed data aboutproduction expenses, capital purchases, financial information, production practices and other operating characteristics of farms and ranches throughout the nation. Data about 1993 production expenditures and practices will be collected for the survey, with particular emphasis on costs of dairy production.

The farm costs and returns survey shows how viable agriculture is as a whole, how the various types of enterprises within agriculture are faring, and whether some sectors are more financially vulnerable than others.

The high-quality data produced by the USDA survey are essential to policymakers' understanding of agriculture, their analysis of its strengths and weaknesses, and their formulation and adjustment of policies. For example, the data reveal whether producers' debt-asset ratios are up or down and whether their interest expenses are increasing or decreasing. The Secretary of Agriculture can then make adjustments in farm programs that guide the sector in ways that improve returns to farmers.

In addition, NASS officials said the survey data are used in setting target prices and loan rates. The computation of grazing fees, parity prices and support prices for tobacco and quota peanuts are based in part on survey data. The officials said survey results are also useful in farm trade negotiations because they measure the competitiveness of U.S. agriculture.

Commodity groups and other agricultural organizations also rely on the information from the farm costs and returns survey in their dealings with government officials, the news media and their own members.

Taking part in the survey affords producers a prime opportunity to document clearly their operating costs and returns. NASS officials said all information on individual operations is held in the strictest confidence.

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Release No. 0991.93
John Denne (202) 205-0974
Val Chambers (202) 720-2065

TOP INTERNATIONAL PRIZE GOES TO FOREST SERVICE GENETICIST

WASHINGTON, Dec. 1 -- Dr. Gene Namkoong, genetics project leader with the U.S. Department of Agriculture's Forest Service Southeastern Forest Experiment Station at Asheville, N.C., will be the 1994 winner of the Marcus Wallenberg Prize. The prize will be presented by the King of Sweden next autumn.

The prize recognizes Namkoong for his "path-breaking contributions to quantitative population genetics, tree breeding, and management of genetic resources which form a solid scientific basis for the maintenance of biological diversity in forests all over the world."

"Dr. Namkoong is one of three USDA researchers, all employed by the Forest Service, to receive the 1-million kronor prize ($123,500) since its inception in 1980," said Jerry Sesco, Deputy Chief for Forest Service Research.

Previous USDA winners of the prize include: T. Kent Kirk, director of the Institute for Microbial and Biochemical Technology at USDA's Forest Products Lab, Madison, Wis., who received the award in 1985; and Donald H. Marx, director of USDA's Institute of Tree Root Biology at the Southeastern Forest Experiment Station, Asheville, N.C., who received it in 1991.

Over the last decade, Namkoong has become a leading advocate for the conservation of genetic variation in plant species. He asserts that without safeguards and development, genetic material will be lost forever.

A Forest Service employee since 1958, Namkoong is currently on assignment at the University of British Columbia, where he is working on the evolution of natural but unstable forest populations, and on the concept of dynamic conservation for managing biodiversity. He is best known for devising tree breeding strategies that achieve genetic gain while conserving genetic diversity. Previous breeding practices had caused the accidental loss of the genes needed for tree diversity and for future adaptability to changing forest environments. Namkoong's approaches to gene conservation, which are now being adopted in breeding programs around the world, represent state-of-the-art tree breeding.

Namkoong, a native of New York City, earned a B.S. and M.S. from the State University of New York and a Ph.D. from North Carolina State University. He has taught at Shaw University and North Carolina Central University, served on the faculty at North Carolina State University, and has held visiting professorships at the University of Chicago, the University of Oxford, Goettingen University, the Swedish Agricultural University, and Seoul National University.

Namkoong has authored or co-authored more than 150 articles and scientific papers, and five books. He is a Fellow of the American Association for the Advancement of Science and is a member of the Genetics Society of America, Society of American Naturalists, Society for the Study of Evolution, and Biometric Society. He is co-editor of Silvae Genetica and was on the editorial board of Diversity. He has been a leader in the International Union of Forestry Research Organization (IUFRO).

Namkoong's previous honors include the Senior U.S. Scientist Award from the Alexander von Humboldt Foundation for the advancement of science, the USDA Forest Service Superior Scientist Award, and the USDA Distinguished Service Award for genetic advancements. He served as a genetics research advisor for the Research Evaluation Committee of the Swedish Research Council. He has been a consultant to the governments of Chile, Colombia, Zimbabwe, Brazil, Canada, Mexico, Korea, Thailand, Australia, India, Germany, and the United Kingdom, and to the Food and Agriculture Organization of the United Nations.

The Marcus Wallenberg Prize has been awarded annually since 1980 by Stora Kopparberg, the oldest publicly owned, still-operating company in the world. The company got its start in copper mining, but is now Sweden's largest forestry and forest products enterprise-- in large part because of Dr. Marcus Wallenberg, a well-known figure in financial and industrial circles.

♦♦♦♦♦

Release No. 0992.93
John Carlin Ryan (202) 720-8207

USDA ANNOUNCES 1994 ELS COTTON LOAN RATE

WASHINGTON, Dec. 1--Secretary of Agriculture Mike Espy today announced that the 1994 price-support level for extra-long-staple (ELS) cotton will be 85.03 cents per pound.

The 1994 loan rate is established by the Agriculture Act of 1949, as amended, which requires that it be set equal to 85 percent of the average price received by ELS producers during the past 5-year period ending on July 31, 1993, excluding the highest and lowest years. The established target price, which equals 120 percent of the loan rate, will be 102.0 cents per pound.

The ELS cotton price-support level must be announced by December 1. The advance deficiency payment-rate and the acreage reduction percentage for the 1994 program will be announced later.

♦♦♦♦♦

Release No. 0993.93
Robert Feist (202) 720-6789

USDA ANNOUNCES 1994 RICE ACREAGE REDUCTION PROGRAM

WASHINGTON, Dec. 1 -- Secretary of Agriculture Mike Espy today announced a preliminary acreage reduction requirement of zero percent for the 1994 crop of rice.

The reduction requirement is reduced for the 1994 crop because of projected increases in both domestic and export utilization of U.S. rice. Recent purchases of U.S. rice by Japan and a reduced 1993 U.S. crop have boosted domestic rice prices and end-of-year stocks of rice are forecast to be at the lowest level since 1980.

USDA officials said the overwhelming number of comments they received from producers supported a zero ARP.

The Agricultural Act of 1949, as amended, requires that the preliminary ARP level for the 1994 crop of rice be announced no later than Dec. 1 and the final ARP level, the price support loan and purchase level and the established (target) price be announced no later than Jan. 31, 1994.

Under a zero percent acreage reduction program, producers are permitted to plant an acreage of rice on their farm equal to their farm's rice crop acreage base. Production from such acreage is eligible for price support loans and purchases. Deficiency payments, if any, are payable on a maximum of 85 percent of the rice acreage base for the farm.

The acreage reduction requirement for the 1993 crop of rice was 5 percent.

Additional 1994 rice program provisions will be announced later, Espy said.

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Release No. 0994.93
Bruce Merkle (202) 720-8206

USDA REMINDS CRP PARTICIPANTS OF CONVERSION PROVISIONS WHICH WILL EXTEND CONTRACTS; REPORTS RESULTS TO DATE

WASHINGTON, Dec. 1 -- Producers who enrolled land in the Conservation Reserve Program on or before November 28, 1990, are reminded of added benefits available under CRP conversion provisions, Secretary of Agriculture Mike Espy said today.

Under the program, producers must apply in advance for approval of the conversion and execute a revised CRP contract. Converting grass and legume covers to hardwood trees, windbreaks, shelterbelts or wildlife corridors will allow the producer to extend the contract from 10 to 15 years. Producers also will receive cost-share assistance for approved conversion and up to 5 additional rental payments from the Commodity Credit Corporation.

To date, a total of 547 contracts covering almost 12,000 acres have been approved for conversion. Following are types of conversions, by State, in contracts/acres:

Grass to Hardwood Tree Plantings: Alabama, 5/243; Arkansas, 5/286; Illinois, 48/1,202; Indiana, 28/556; Iowa, 164/1,817; Kansas, 1/3; Kentucky, 11/189; Louisiana, 3/52; Michigan, 1/18; Minnesota, 89/1,887; Mississippi, 29/1,157; Missouri, 28/1,580; Nebraska, 1/4; North Dakota, 4/23; Ohio, 6/194; Oklahoma, 1/2; Tennessee, 9/129; Virginia, 1/4; Wisconsin, 108/2,366. Total: 542 contracts; 11,716 acres.

Grass to Wildlife Habitat Corridors: Iowa, 1/2; North Dakota, 1/14.

Grass to Field Windbreaks: South Dakota, 5/13.

USDA's Agricultural Stabilization and Conservation Service administers the CRP on behalf of the CCC and will process contract revisions for participating producers. CRP contract holders are encouraged to inquire about these conversion options at their county ASCS office.

♦♦♦♦♦

Release No. 0996.93
Robert Feist (202) 720-6789

CCC INTEREST RATE FOR DECEMBER SET AT 3-1/2 PERCENT

WASHINGTON, Dec. 1--Commodity loans disbursed in December by the U.S. Department of Agriculture's Commodity Credit Corporation will carry a 3-1/2 percent interest rate, according to Grant Buntrock, executive vice president of the CCC.

The 3-1/2 percent interest rate is up from November's 3-3/8 percent and reflects the interest rate charged CCC by the U.S. Treasury in December.

♦♦♦♦♦

Release No. 1001.93
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USDA SPONSORS HEARING ON IMPROVING NUTRITION IN SCHOOL MEALS

WASHINGTON, Dec. 3--Secretary of Agriculture Mike Espy and Assistant Secretary Ellen Haas are presiding here over the "Nutrition Objectives for School Meals" hearing Tuesday, Dec. 7.

The hearing will begin at 8:30 a.m. at Eastern High School, 17th and East Capitol Streets, N.E. It is the last of a series of four hearings that have been held around the country in recent weeks in order to hear the public's comments on the best ways to improve the nutritional quality of school meals.

A national study released by USDA in October found that meals offered to school children exceed dietary guidelines for fat, saturated fat, and sodium.

"Improvements must be made in the school meal programs," Espy said. "There is no longer any question of the link between diet and health. The purpose of these hearings is to help us find the best way to implement the changes we know must be made.

"The National School Lunch Program serves meals to 25 million children in 92,000 schools each day," Haas said. "We have a national health responsibility to provide nutritious meals to school children. Their health is our country's future."

Joining Espy and Haas in presiding over the hearing will be Secretay of Education Richard Riley and Dr. Phillip Lee, Assistant Secretary for Health at the Department of Health and Human Services.

"The Departments of Education and HHS share our commitment to improving nutrition of our nation's children, and they have joined us in chairing all these hearings," Espy said. The previous hearings were held in Atlanta, Los Angeles, and Flint, Michigan.

Espy said hundreds of students, parents, teachers, food service workers, chefs, and others have attended the previous hearings and offered suggestions about ways to improve nutrition in school meals. The Washington hearing will be led by a selected panel, but there will also be an opportunity for comment by the public. Written comments may also be submitted by Dec. 15.

♦♦♦♦♦

Release No. 1002.93
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USDA RELEASES COST OF FOOD AT HOME FOR OCTOBER

WASHINGTON, Dec. 3--Here is the U.S. Department of Agriculture's monthly update of the weekly cost of food at home for October 1993:

COST OF FOOD AT HOME FOR A WEEK IN OCTOBER 1993

	Food plans (in dollars): Thrifty	Low-cost	Moderate-cost	Liberal
Families:				
Family of 2 (20-50 years)	50.90	64.20	79.00	98.10
Family of 2 (51 years and over)	48.10	61.60	75.70	90.60
Family of 4 with preschool children	74.30	92.60	112.90	138.60
Family of 4 with elementary schoolchildren	84.90	108.80	135.70	163.40
Individuals in four-person families:				
Children:				
1-2 years	13.50	16.40	19.10	23.10
3-5 years	14.50	17.80	22.00	26.30
6-8 years	17.60	23.60	29.50	34.40
9-11 years	21.00	26.80	34.40	39.80
Males:				
12-14 years	21.80	30.40	37.80	44.50
15-19 years	22.60	31.40	39.00	45.20
20-50 years	24.30	31.10	38.70	46.90
51 and over	22.00	29.50	36.20	43.40
Females:				
12-19 years	22.10	26.30	31.80	38.50
20-50 years	22.00	27.30	33.10	42.30
51 and over	21.70	26.50	32.60	39.00

USDA's Human Nutrition Information Service computes the cost of food at home for four food plans -- thrifty, low-cost, moderate-cost, and liberal.

Janice Lilja, HNIS acting administrator, said the plans consist of foods that provide nutritious meals and snacks for a week.

In computing the costs, USDA assumes all food is bought at the store and prepared at home. Costs do not include alcoholic beverages, pet food, soap, cigarettes, paper goods and other nonfood items bought at the store.

"USDA costs are only guides to spending," Lilja said. "Families may spend more or less, depending on such factors as where they buy their food, how carefully they plan and buy, whether some food is produced at home, what foods the family likes, and how much food is prepared at home."

"Most families will find the moderate-cost or low-cost plan suitable," she said. "The thrifty plan, which USDA uses to set the coupon allotment in the food stamp program, is for families who have tighter budgets. Families with unlimited resources might use the liberal plan."

To use the chart to estimate your family's food costs:

-- For members eating all meals at home -- or carried from home -- use the amounts shown in the chart.

-- For members eating some meals out, deduct 5 percent for each meal eaten away from home from the amount shown for the appropriate family member. Thus, for a person eating lunch out 5 days a week, subtract 25 percent, or one-fourth the cost shown.

-- For guests, add 5 percent of the amount shown for the proper age group for each meal.

Costs in the second part of the chart pertain to individuals in four-person families. If your family has more or less than four, total the "individual" figures and make these adjustments (note: larger families tend to buy and use food more economically than smaller ones):

-- For a one-person family, add 20 percent.

-- For a two-person family, add 10 percent.

-- For a three-person family, add 5 percent.

-- For a five- or six-person family, subtract 5 percent.

-- For a family of seven or more, subtract 10 percent.

Details of the four family food plans are available from the Nutrition Education Division, Human Nutrition Information Service, USDA, Federal Building, Hyattsville, Md. 20782.

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Program Announcements-

Release No. 0984.93
Gene Rosera (202) 720-6734
Charles Hobbs (202) 720-4026

USDA ANNOUNCES PREVAILING WORLD MARKET RICE PRICES, MARKETING CERTIFICATE RATES

WASHINGTON, Nov. 30--Under Secretary of Agriculture Eugene Moos today announced the prevailing world market prices of milled rice, loan rate basis, as follows:

--long grain whole kernels:	11.48 cents per pound
--medium grain whole kernels:	10.76 cents per pound
--short grain whole kernels:	10.67 cents per pound
--broken kernels:	5.74 cents per pound

Based upon these milled rice world market prices, loan deficiency payment (LDP) rates, gains from repaying price support loans at the world market price, and marketing certificate rates are:

	Loan Gain and LDP Rate	Marketing Certificate Rate
	............$/Cwt.	....
--for long grain:	$0.00	$0.00
--for medium grain:	$0.00	$0.00
--for short grain:	$0.00	$0.00

These announced prices and rates are effective today at 3 p.m. EST. The next scheduled price announcement will be made Dec. 7 at 3 p.m. EST.

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Release No. 0997.93
Minnie Tom H. Meyer (202) 720-6734

USDA ANNOUNCES PREVAILING WORLD MARKET PRICE AND USER MARKETING CERTIFICATE PAYMENT RATE FOR UPLAND COTTON

WASHINGTON, Dec. 2--Grant Buntrock, executive vice president of USDA's Commodity Credit Corporation, today announced the prevailing world market price, adjusted to U.S. quality and location (adjusted world price or AWP), for Strict Low Middling (SLM) 1-1/16 inch (leaf grade 4, micronaire 3.5-3.6 and 4.3-4.9, strength 24-25 grams per tex) upland cotton (base quality), and the coarse count adjustment (CCA) in effect from 5:00 p.m. today through 3:59 p.m. Thursday, Dec. 9. The user marketing certificate payment rate announced today is in effect from 12:01 a.m. Friday, Dec. 3 through midnight Thursday, Dec. 9.

The Agricultural Act of 1949, as amended, provides that the AWP may be further adjusted if: (a) the AWP is less than 115 percent of the current crop year loan rate for base quality upland cotton, and (b) the Friday through Thursday average price quotation for the lowest-priced U.S. growth as quoted for Middling (M) 1-3/32 inch cotton, C.I.F. northern Europe (USNE price) exceeds the Northern Europe (NE) price. The maximum allowable adjustment is the difference between the USNE price and the NE price.

A further adjustment to this week's calculated AWP may be made in accordance with this provision. The calculated AWP is 82 percent of the 1993 upland cotton base quality loan rate, and the USNE price exceeds the NE price by 3.42 cents per pound. Following are the relevant calculations:

I.	Calculated AWP	42.86	cents per pound
	1993 Base Loan Rate	52.35	cents per pound
	AWP as a Percent of Loan Rate	82	
II.	USNE Price	60.00	cents per pound
	NE Price	- 56.58	cents per pound
	Maximum Adjustment Allowed	3.42	cents per pound

Based on a consideration of the U.S. share of world exports, the current level of cotton export sales and cotton export shipments, and other relevant data, no further adjustment to this week's calculated AWP will be made.

This week's AWP and coarse count adjustment are determined as follows:

Adjusted World Price			
NE Price		56.58	
Adjustments:			
Avg. U.S. spot market location	11.91		
SLM 1-1/16 inch cotton	1.50		
Avg. U.S. location	0.31		
Sum of Adjustments		- 13.72	
Calculated AWP		42.86	
Further AWP adjustment		- 0	
ADJUSTED WORLD PRICE		42.86	cents/lb.

Coarse Count Adjustment		
NE Price	56.58	
NE Coarse Count Price	- 54.25	
	2.33	
Adjustment to SLM 1-1/32 inch cotton	- 3.20	
	- 0.87	
COARSE COUNT ADJUSTMENT	0	cents/lb.

Because the AWP is below 52.35 cents per pound, the base quality loan rate for both the 1992 and 1993 marketing years, the loan repayment rate during this period is equal to the AWP, adjusted for the specific quality and location plus applicable interest and storage charges. The AWP will continue to be used to determine the value of upland cotton that is obtained in exchange for commodity certificates.

Because the AWP is below the 1993-crop loan rate, cash loan deficiency payments (LDPs) will be paid to eligible producers who agree to forgo obtaining a price support loan with respect to the 1993 crop. The payment rate is equal to the difference between the loan rate and the AWP. Producers are allowed to obtain an LDP on a bale-by-bale basis.

The USNE price has exceeded the NE price by more than 1.25 cents per pound for four consecutive weeks and the AWP has not exceeded 130 percent of the 1993 crop year base quality loan rate in any week of the 4-week period. As a result, the user marketing certificate payment rate is 2.17 cents per pound. This rate is applicable during the Friday through Thursday period for bales opened by domestic users and for cotton contracts entered into by exporters for delivery prior to Sept. 30, 1994. Relevant data are summarized below:

Week	For the Friday through Thursday Period Ending	USNE Price	NE Price	User Marketing Certificate Payment Rate
		.....	cents/lb	.....
1	Nov. 11, 1993	55.90	54.29	0.36
2	Nov. 18, 1993	57.90	55.06	1.59
3	Nov. 25, 1993	59.70	55.88	2.57
4	Dec. 2, 1993	60.00	56.58	2.17

Next week's AWP, CCA and user marketing certificate payment rate will be announced on Thursday, Dec. 9, at 5 p.m.

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Release No. 0999.93
Bruce Merkle (202) 720-8206

WHEAT PRICES REACH FARMER-OWNED RESERVE STOP-STORAGE-PAYMENT LEVEL

WASHINGTON, Dec. 3 -- To comply with federal law, the U.S. Department of Agriculture announced that storage payments stopped effective November 30 for wheat pledged as collateral for Commodity Credit Corporation Farmer-Owned Reserve loans.

The statute authorizing the reserve requires that whenever the market price for wheat is determined to be equal to or exceed 95 percent ($3.80 per bushel) of the wheat established (target) price, storage payments shall cease.

A moving five-day average price is determined by CCC each day for wheat by adjusting daily major terminal market prices using a monthly adjustment factor.

The nonstorage earning period will continue until prices have been below the stop-storage-payment level for more than 90 consecutive days.

Today's announcement will not alter producers' receipt of storage payments earned prior to the stop date.

As of November 16, 1993, 13.8 million bushels of 1990-crop wheat remained in the Farmer-Owned Reserve. An announcement regarding entry of 1993-crop wheat into the Reserve will be made by December 15.

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